

# **EXHIBIT 19**

## **Redacted**

**In The Matter Of:**

**(C-“FHFA”) FEDERAL HOUSING FINANCE AGENCY, ETC.**

*v.*

**HSBC NORTH AMERICA HOLDINGS INC., ET. AL.**

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**SAMUEL HERRNISON - Vol. 1**

*October 15, 2013*

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**MERRILL CORPORATION**

**LegalLink, Inc.**

225 Varick Street  
10th Floor  
New York, NY 10014  
Phone: 212.557.7400  
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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x  
FEDERAL HOUSING FINANCE  
AGENCY, AS CONSERVATOR FOR :  
THE FEDERAL NATIONAL  
MORTGAGE ASSOCIATION AND :  
THE FEDERAL HOME LOAN  
MORTGAGE CORPORATION, :  
  
Plaintiff, : 11 CIV. 6189  
vs. : (DLC)  
HSBC NORTH AMERICA HOLDINGS,  
INC.; HSBC USA, INC.; HSBC :  
MARKETS (USA), INC.; HSBC :  
BANK USA, N.A.; HSI ASSET :  
SECURITIZATION CORPORATION;  
HSBC SECURITIES (USA), INC.; :  
NEAL LEONARD; GERARD MATTIA;  
TODD WHITE; NORMAN CHALEFF; :  
and JON VOIGTMAN, :  
  
Defendants.  
-----x

Videotaped Deposition of SAMUEL HERRNISON,  
held at the offices of QUINN EMANUEL  
URQUHART & SULLIVAN LLP, 51 Madison Avenue,  
New York, New York, before Frank J. Bas, a  
Registered Professional Reporter, Certified  
Realtime Reporter and Notary Public within and  
for the State of New York.

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1 A P P E A R A N C E S:

2

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24 (Present via Telephone)

25

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1 A P P E A R A N C E S C O N T I N U E D

2

3 MAYER BROWN LLP

4 Attorneys for the HSBC Defendants and the

5 Witness

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8 BY: JOHN M. CONLON, ESQ.

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12 CHARLES S. KORSCHUN, ESQ.

13 ckorschun@mayerbrown.com

14

15 ALSO PRESENT:

16 Michael Drenkalo, Videographer

17

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19

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1 -----I N D E X -----

2 WITNESS EXAMINATION BY PAGE  
3 SAMUEL HERRNISON MR. WILLIAMS 13

4

5 ----- EXHIBITS MARKED IN TODAY'S SESSION -----

6 NUMBER FOR ID  
7 Exhibit 42800..... 15  
8 Deposition Background Questionnaire  
9 (No Bates)

10

11 Exhibit 42801..... 52

12 E-mails Ending at E-mail dated 3/16/07

13 From M. Wirth to S. Herrnson, with  
14 Attachments

15 HSBC-FHFA 01363391 - 329

16

17 Exhibit 42802..... 91

18 E-mails Ending at E-mail dated 3/7/06

19 From M. Wirth to P. Norris, with  
20 Attachments

21 HSBC-FHFA 03335363 - 394

22

23

24

25

Merrill Corporation - New York

1-800-325-3376

[www.merrillcorp.com/law](http://www.merrillcorp.com/law)

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1 ----- EXHIBITS CONTINUED -----

2

3 Exhibit 42803..... 103

4 E-mail dated 7/6/06 from

5 S. Herrnson to P. Chmiel

6 HSBC-FHFA 04821088

7

8 Exhibit 42804..... 106

9 E-mails Ending at E-mail dated 11/28/06

10 From S. Herrnson to A. Dyson, with

11 Attachments

12 HSBC-FHFA 03344892 - 966

13

14 Exhibit 42805..... 123

15 E-mails Ending at E-mail dated 4/5/06

16 From S. Herrnson to S. Salahuddin,

17 with Attachments

18 HSBC-FHFA 03316508 - 551

19

20 Exhibit 42806..... 133

21 E-mail dated 5/11/07 from

22 S. Herrnson to S. Salahuddin

23 HSBC-FHFA 0794805 - 806

24

25

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1	----- EXHIBITS CONTINUED -----
2	
3	Exhibit 42807..... 139
4	E-mails Ending at E-mail dated 12/15/06
5	From S. Herrnson to S. Thomas
6	HSBC-FHFA 07889405 - 408
7	
8	Exhibit 42808..... 147
9	E-mail dated 5/16/07 from S. Herrnson
10	To S. Salahuddin, with Attachments
11	HSBC-FHFA 07892537 - 550
12	
13	Exhibit 42809..... 152
14	E-mails Ending at E-mail dated 6/5/07
15	From S. Herrnson to M. Wirth, with
16	Attachment
17	HSBC-FHFA 04387734 - 736
18	
19	Exhibit 42810..... 191
20	E-mail dated 11/27/06 from
21	S. Herrnson to M. Wirth
22	HSBC-FHFA 07136099 - 100
23	
24	
25	

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1	----- EXHIBITS CONTINUED -----
2	Exhibit 42811..... 193
3	E-mails Ending at E-mail dated 11/27/06
4	From S. Herrnson to J. Greco
5	HSBC-FHFA 07889423 - 425
6	
7	Exhibit 42812..... 206
8	E-mails Ending at E-mail dated 4/4/06
9	From S. Herrnson to P. Chmiel
10	HSBC-FHFA 01941051 - 052
11	
12	Exhibit 42813..... 215
13	E-mail dated 4/7/06 from
14	S. Herrnson to M. Murray
15	HSBC-FHFA 04387620
16	
17	Exhibit 42814..... 218
18	E-mails Ending at E-mail dated 5/30/06
19	From S. Herrnson to P.K. Banks
20	HSBC-FHFA 01941046 - 048
21	
22	Exhibit 42815..... 221
23	E-mail dated 2/26/07 from S. Herrnson,
24	With Attachments
25	HSBC-FHFA 07891872 - 885

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1 ----- EXHIBITS MARKED IN PRIOR SESSIONS -----  
2  
3 Exhibit 12403..... 29  
4 HSBC Mortgage Backed Securities Org Charts  
5 HSBC-FHFA 06352329 - 348  
6  
7 Exhibit 12407..... 171  
8 Series 2006-HE2 Prospectus Supplement to  
9 Prospectus dated 4/3/06  
10 HSBC-FHFA 0030588 - 651  
11  
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1                   S T I P U L A T I O N

2

3                 Upon completion of the transcript of  
4                 today's session, the original transcript shall  
5                 be sent to counsel for the witness by the  
6                 court reporter. Counsel shall promptly  
7                 forward it to the witness for review,  
8                 correction, and signature under penalty of  
9                 perjury. The witness shall have 30 calendar  
10                days from the day of receipt of the original  
11                transcript (not including any preliminary or  
12                "rough" transcripts) within which to review,  
13                make any correction, sign the deposition  
14                transcript under penalty of perjury, and  
15                return it to counsel. The witness's counsel  
16                shall then forward the original transcript  
17                plus corrections to the court reporter, who  
18                will promptly notify all counsel of its  
19                receipt and any changes to testimony made by  
20                the witness.

21               If the witness is not represented by  
22               counsel, the original transcript will be sent  
23               to the witness by the court reporter. After  
24               review, correction, and signature within 30  
25               calendar days from the date of receipt, the

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1 witness shall return the original transcript  
2 to the court reporter, who will notify all  
3 counsel of its receipt and any changes to  
4 testimony by the witness.

5 The court reporter will deposit the  
6 original transcript on a secure website. If,  
7 for any reason, the original is lost,  
8 misplaced, not returned, not signed, or  
9 unavailable, a certified copy may be used in  
10 it place for all purposes. The court reporter  
11 is otherwise relieved of any statutory duties.

12

13 \* \* \* \*

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1 S. HERRNSON  
2 October 15, 2013  
3 New York, New York  
4 --- 09:00:40  
5 THE VIDEOGRAPHER: At the 09:00:40  
6 outset of the deposition on the record all 09:00:41  
7 counsel, both at the site and by remote 09:00:43  
8 access, shall identify themselves and state 09:00:48  
9 whom they represent. If any counsel 09:00:49  
10 participating remotely joins the deposition 09:00:51  
11 after it starts, that counsel will identify 09:00:53  
12 himself or herself upon joining. 09:00:55  
13 We're now recording and on the 09:00:57  
14 record. 09:00:58  
15 My name is Michael Drenkalo, 09:00:59  
16 Certified Legal Video Specialist from Merrill 09:01:01  
17 Legal Solutions. Today's date is October 09:01:04  
18 15th, 2013. The time is 9:01 a.m. 09:01:05  
19 We're at the offices of Quinn 09:01:08  
20 Emanuel Urquhart & Sullivan LLP, 51 Madison 09:01:11  
21 Avenue, New York, New York, to take the 09:01:13  
22 videotaped deposition of Samuel Herrnson in 09:01:16  
23 the matter of Federal Housing Finance Agency 09:01:18  
24 versus HSBC North America Holdings, Inc., 09:01:21  
25 et al., in the United States District Court 09:01:25

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1	S. HERRNSON	
2	for the Southern District of New York.	09:01:27
3	If counsel would please	09:01:29
4	introduce themselves for the record.	09:01:31
5	MR. WILLIAMS: Zach Williams,	09:01:33
6	Quinn Emanuel, representing FHFA.	09:01:35
7	MR. THUMIM: Leron Thumim from	09:01:38
8	Quinn Emanuel, representing FHFA.	09:01:39
9	MR. CONLON: John Conlon of	09:01:42
10	Mayer, Brown, representing the witness and	09:01:44
11	HSBC.	09:01:46
12	MR. KORSCHUN: Charles Korschun	09:01:49
13	for Mayer, Brown, representing the witness and	09:01:51
14	HSBC.	09:01:52
15	MR. HANCHET: Mark Hanchet of	09:01:54
16	Mayer Brown, representing HSBC.	09:01:55
17	THE VIDEOGRAPHER: And counsel	09:01:57
18	on the phone?	09:01:57
19	MS. SHUTKIN: Yes. This is	09:01:59
20	Elizabeth Shutkin from Simpson Thacher.	09:01:59
21	THE VIDEOGRAPHER: Our court	09:02:02
22	reporter today is Frank Bas of Merrill Legal	09:02:03
23	Solutions, who will now swear in the witness.	09:02:05
24	- - -	09:02:06
25		

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1 S. HERRNSON

2 S A M U E L H E R R N S O N ,

3 called as a witness, having been duly

4 sworn by a Notary Public (Frank J. Bas),

5 was examined and testified as follows:

6 EXAMINATION

09:02:07

7 BY MR. WILLIAMS:

09:02:07

8 Q. Good morning, Mr. Herrnson.

09:02:19

9 Could you spell your name for

09:02:21

10 the record?

09:02:22

11 A. Sure. Samuel, S-A-M-U-E-L;

09:02:22

12 Herrnson, H-E-R-R-N-S-O-N.

09:02:26

13 Q. Could you state your current

09:02:28

14 address?

09:02:30

15 A. [REDACTED]

09:02:31

16 [REDACTED]

09:02:35

17 Q. Have you ever been deposed

09:02:40

18 before?

09:02:43

19 A. No.

09:02:44

20 Q. Okay. Well, then we'll start

09:02:45

21 with a few rules of the road. I'm going to

09:02:47

22 ask questions, and answer audibly, no -- if

09:02:51

23 there's a yes-or-no, no nodding your head or

09:02:55

24 shaking your head. The court reporter has to

09:02:57

25 hear your answer.

09:03:00

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1 S. HERRNSON  
2 don't -- I don't -- because I did not -- this 10:57:00  
3 was not really my job, other than 10:57:03  
4 facilitating, the thought of me even opening 10:57:07  
5 up one of the files, I don't even remember 10:57:10  
6 ever doing that. 10:57:12

7 Q. Did you ever send loan files to 10:57:13  
8 Fannie Mae? 10:57:15

9 A. I -- whatever I was given from 10:57:15  
10 Mark or Mark [sic] I sent to either -- I don't 10:57:18  
11 think I sent it to Paul, but to Shayan. 10:57:22

12 Q. To someone over there? 10:57:24

13 A. Somebody. 10:57:26

14 Q. Okay. 10:57:27

15 A. But I can't tell you 10:57:28  
16 specifically what -- because it was always -- 10:57:29  
17 it was always agreed upon, whatever they gave 10:57:30  
18 me, just forward it. I think there were times 10:57:32  
19 they forwarded themselves, like this one. 10:57:35

20 Q. Okay. 10:57:37

21 A. So I wasn't always involved in 10:57:38  
22 the process of forwarding. 10:57:39

23 Q. Okay. But you don't recall 10:57:40  
24 forwarding loan files to Fannie Mae or Freddie 10:57:42  
25 Mac. Is that correct? 10:57:47

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1	S. HERRNISON	
2	A. I don't recall exactly what I	10:57:48
3	sent to them.	10:57:49
4	Q. Okay. Do you ever recall	10:57:50
5	forwarding loan tapes, Excel spreadsheets of	10:57:51
6	loan characteristics?	10:57:55
7	A. All I can tell you is that I	10:57:56
8	forwarded the information that Mark and Martin	10:57:57
9	gave me.	10:58:00
10	Q. Okay. And when Fannie Mae sent	10:58:00
11	materials back to you with their changes, do	10:58:07
12	you recall receiving those?	10:58:12
13	A. I'm sure I did, but I don't	10:58:14
14	recall. I mean, I was the contact, so I --	10:58:17
15	I'm just, again, speculating that I did. But	10:58:21
16	there was communication between the two of	10:58:24
17	them, or the three of them, or whomever.	10:58:26
18	Q. What form would you have	10:58:30
19	received information from Fannie Mae?	10:58:33
20	A. Um --	10:58:35
21	Q. Their changes to the pool, what	10:58:37
22	form would that have come in?	10:58:39
23	A. It would have to be some sort	10:58:41
24	of e-mail, I would bet. Or it could be an	10:58:43
25	attachment to a Bloomberg. I don't --	10:58:45

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1	S. HERRNSON	
2	identification.)	11:13:24
3	---	11:13:40
4	A. Am I just looking at the first	11:13:40
5	chart, or do you want me to go through this	11:13:43
6	whole thing?	11:13:44
7	Q. No, I'm interested also in the	11:13:44
8	attachment.	11:13:46
9	And just to lead you in the	11:14:14
10	right place, I'm curious a little bit about	11:14:16
11	the cover e-mail, but also the cover sheet of	11:14:19
12	one of the attachments at Bates -- at Page	11:14:22
13	Number 03344897.	11:14:26
14	Okay. So with respect to the	11:14:31
15	cover e-mail, it looks like this was sent by	11:14:32
16	you to AshleyDyson@FannieMae.com.	11:14:36
17	Do I have that correct?	11:14:40
18	A. You do.	11:14:41
19	Q. Okay. Do you recall sending	11:14:42
20	this e-mail?	11:14:44
21	A. No.	11:14:46
22	Q. Okay. Do you recall sending	11:14:46
23	e-mails of this sort, with term sheets	11:14:48
24	attached, to individuals at Fannie Mae with	11:14:51
25	any frequency?	11:14:56

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1	S. HERRNSON	
2	A. I sent attachments to Shayan	11:14:58
3	whenever we had a deal. I sent, obviously, to	11:15:04
4	Ashley, if she was working on the deal for	11:15:09
5	him.	11:15:14
6	Q. At what point of the process	11:15:17
7	would this have been sent along, in the sort	11:15:18
8	of chronology?	11:15:21
9	A. If this was a new deal, which I	11:15:22
10	only sold them, it would be at the very	11:15:25
11	beginning.	11:15:27
12	Q. At the very beginning. Okay.	11:15:27
13	So would this have been the	11:15:30
14	first -- the term sheet, would that have been	11:15:31
15	the first piece of information that you would	11:15:36
16	see?	11:15:38
17	A. I don't know.	11:15:39
18	Q. Let's turn to the --	11:15:39
19	A. I just want to make this clear.	11:15:40
20	Q. Sure.	11:15:42
21	A. That once Mark or Martin told	11:15:43
22	me we're going to do a deal, I would either	11:15:45
23	phone or send whatever information they gave	11:15:48
24	me to whomever, whether it was Ashley working	11:15:52
25	on it, or Shayan. But that's generally the	11:15:56

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1	S. HERRNISON	
2	process at the beginning.	11:16:00
3	Q. Okay. So, for example, the	11:16:01
4	term sheet, which is at 03344897, are you	11:16:05
5	familiar with a term sheet?	11:16:13
6	A. I am familiar with a term	11:16:17
7	sheet.	11:16:18
8	Q. Generally with term sheets?	11:16:19
9	A. Yes. Not specifically this	11:16:21
10	one.	11:16:23
11	Q. Right. What did term sheets	11:16:23
12	typically contain?	11:16:27
13	A. Information about the	11:16:27
14	collateral pool. Legal information. The	11:16:36
15	structure of the deal. I mean, that's all I	11:16:39
16	remember.	11:16:48
17	Q. So did you, either in the	11:16:48
18	process of sending these to Fannie Mae or at	11:16:51
19	any time during your time at HSBC, ever review	11:16:54
20	any of the term sheets that you passed along?	11:16:59
21	A. I can't recall. But that --	11:17:02
22	that's not my expertise.	11:17:05
23	Q. Okay. Looking at the cover, or	11:17:06
24	at the first page of this, that gigantic	11:17:11
25	amount, dollar amount, a billion 613 million	11:17:15

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1	S. HERRNSON	
2	that. If -- I don't know the answer. We	12:08:35
3	owned the pool, so to my knowledge we're given	12:08:40
4	information from the originator. That	12:08:43
5	information, whatever was requested by Fannie,	12:08:48
6	was populated the way Fannie wanted it. I	12:08:51
7	don't know any other way to answer it.	12:08:54
8	Q. So are you aware of any other	12:08:55
9	possible source of information about each	12:08:57
10	individual deal or pool?	12:08:59
11	A. I am not aware.	12:09:01
12	MR. CONLON: Object to the	12:09:02
13	form.	12:09:02
14	BY MR. WILLIAMS:	12:09:13
15	Q. Okay. What about after Fannie	12:09:14
16	purchased a certificate; did you help provide	12:09:26
17	them the prospectus supplement?	12:09:31
18	A. I think that was sent	12:09:33
19	automatically to every investor that bought.	12:09:37
20	Q. Okay. Did you provide them	12:09:39
21	with any other information or documentation	12:09:40
22	after the purchase was made?	12:09:42
23	A. I don't remember.	12:09:46
24	Q. Okay. Did you provide them	12:09:46
25	mortgage loan purchase agreements?	12:09:51